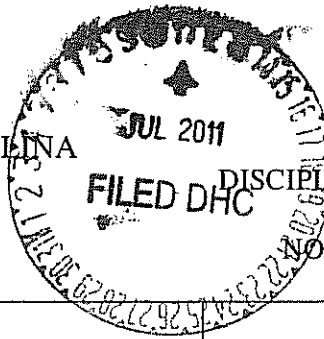


STATE OF NORTH CAROLINA

WAKE COUNTY



BEFORE THE
DISCIPLINARY HEARING COMMISSION
OF THE
NORTH CAROLINA STATE BAR
11 DHC 18

THE NORTH CAROLINA STATE BAR,

Plaintiff

v.

LAURA G. JOHNSON, Attorney,

Defendant

COMPLAINT

Plaintiff, complaining of Defendant, alleges and says:

1. Plaintiff, the North Carolina State Bar (hereafter "State Bar"), is a body duly organized under the laws of North Carolina and is the proper party to bring this proceeding under the authority granted it in Chapter 84 of the General Statutes of North Carolina, and the Rules and Regulations of the North Carolina State Bar promulgated thereunder.

2. Defendant, Laura G. Johnson (hereafter "Defendant" or "Johnson"), was admitted to the North Carolina State Bar on 4 September 1998 and is an Attorney at Law subject to the rules, regulations, and Rules of Professional Conduct of the North Carolina State Bar and the laws of the State of North Carolina.

3. During the relevant period referred to herein, Johnson was actively engaged in the practice of law and maintained a law office in Fayetteville, Cumberland County, North Carolina.

FIRST CLAIM FOR RELIEF

4. Paragraphs 1 through 3 are re-alleged and incorporated herein.

5. On or about 26 January 2007, Defendant opened BB&T trust account ending in no. 8660 ("Trust Account") by depositing \$100 of her personal funds into this account.

6. On or about 12 December 2007, BB&T improperly charged Defendant's Trust Account \$145.39 for checks. This charge caused Defendant's Trust Account to be overdrawn.

7. Defendant did not hold any client funds in the Trust Account when this charge was incurred.

8. On or about 4 January 2008, Defendant deposited \$250 into the Trust Account to cover the shortage in the Trust Account caused when BB&T improperly charged the account for checks.

9. On or about 16 January 2008, BB&T credited Defendant's Trust Account \$145.39 as reimbursement for the check charge it improperly deducted on 12 December 2007. As of 26 January 2008, Defendant had \$350 of her personal funds in the Trust Account.

10. On 26 February 2008, Defendant used a portion of these personal funds to pay \$101.10 to her credit card. After making this payment, Defendant had \$248.90 in personal funds remaining in the Trust Account.

11. During the ordinary course of her law practice, Defendant deposited into her Trust Account entrusted funds held for the benefit of several clients.

12. On or about 26 June 2008, Defendant paid to the Clerk of Court from the Trust Account court costs for clients Sanderson and Morning in the amounts of \$135 and \$145.

13. Although Defendant had personal funds in the Trust Account when she paid these costs, she did not have enough to pay the full amount of Sanderson and Morning's court costs. Neither Sanderson nor Morning had funds in the Trust Account. Defendant paid a portion of Sanderson and Morning's court costs using entrusted client funds that did not belong to Sanderson, Morning or Defendant.

14. On or about 10 July 2008, Defendant paid to the Clerk of Court from the Trust Account court costs in the amount of \$120 for Scott.

15. Neither Defendant nor Scott had \$120 in the Trust Account. Defendant paid Scott's court costs using entrusted client funds that did not belong to Defendant or Scott.

16. On or about 30 July 2008, Defendant transferred \$450 from her operating account to the Trust Account.

17. On or about 5 August 2008, Defendant paid to the Clerk of Court from the Trust Account court costs of clients Collins and Sibaja in the amounts of \$206 and \$120. Neither Collins nor Sibaja had funds in the Trust Account. Defendant used her personal funds to pay Collins' and Sibaja's court costs thereby reducing the amount of personal funds she held in the Trust Account to \$124.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C.G.S. § 84-28(b)(2) in that Defendant violated one or more of the Rules of Professional Conduct in effect at the time of her actions as follows:

- a) By maintaining a balance of personal funds in the trust account and then using these funds to pay her personal bills and client expenses, Defendant failed to maintain entrusted property separate from the property of the lawyer in violation of Rule 1.15-2(a); and
- b) By using entrusted funds held for the benefit of others to pay court costs for Sanderson, Morning, and Scott, Defendant used entrusted property for the personal benefit of one other than the legal or beneficial owner without authorization to do so in violation of Rule 1.15-2(j).

SECOND CLAIM FOR RELIEF

18. Paragraphs 1 through 17 are re-alleged and incorporated herein.

19. On or about 14 January 2008, a lender wired loan proceeds totaling \$29,146.49 into Defendant's Trust Account for S. McGrath's refinance transaction ("McGrath Closing").

20. Defendant gave an outside accounting company ("Tri-Accounting") access to her Trust Account and delegated disbursement of the McGrath Closing funds to Tri-Accounting.

21. On or about 17 January 2008, Tri-Accounting transferred McGrath's closing funds to Defendant's operating account. Tri-Accounting disbursed these funds from Defendant's operating account on McGrath's behalf.

22. Defendant failed to properly supervise Tri-Accounting's disbursement of the McGrath Closing funds.

23. As of 22 January 2008, Tri-Accounting had disbursed \$29,073.49 from McGrath's closing funds on McGrath's behalf.

24. On or about 28 January 2008 and 3 March 2008, Tri-Accounting disbursed from Defendant's operating account an additional \$510.50 on McGrath's behalf. McGrath only had \$73 left in Defendant's operating account at the time these additional disbursements were made. Therefore, Defendant's operating account funds were used to fund the over-disbursement Tri-Accounting made on McGrath's behalf.

25. Defendant failed to reconcile her Trust Account. Thus, Defendant failed to discover that the McGrath closing was conducted through her operating account and that \$437.50 of her operating account funds were used to pay disbursements made on McGrath's behalf.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C.G.S. § 84-28(b)(2) in that Defendant violated one or more of the Rules of Professional Conduct in effect at the time of her actions as follows:

- a) By allowing Tri-Accounting to have access to funds in the Trust Account and to disburse the McGrath Closing funds through her operating account, Defendant failed to maintain entrusted property separate from the property of the lawyer in violation of Rule 1.15-2(a);
- b) By failing to supervise Tri-Accounting's handling of the McGrath Closing funds, resulting in over-disbursement of these funds through Defendant's operating account, Defendant failed to make reasonable efforts to ensure that a non-lawyer's conduct was compatible with the professional obligations of a lawyer in violation of Rule 5.3(a) and (b); and
- c) By failing to reconcile the McGrath Closing client ledger with the balance of her Trust Account, Defendant failed to reconcile an individual client balance with the current bank statement balance for the trust account as a whole in violation of Rule 1.15-3(d).

THIRD CLAIM FOR RELIEF

26. Paragraphs 1 through 25 are re-alleged and incorporated herein.

27. In March 2008, Defendant conducted the closing of a real estate transaction for D. Valles ("Valles Closing").

28. Defendant inaccurately represented on the Valles Closing client ledger that the buyer brought \$5,795.42 to closing. The buyer actually brought \$5,805.56 to closing; \$10.14 more than what Defendant showed on the Valles Closing client ledger.

29. Defendant also inaccurately represented on the Valles Closing client ledger that she disbursed \$95,524.48 to payoff the seller's first mortgage. Defendant actually disbursed \$95,354.66 to payoff the seller's first mortgage; \$169.82 less than what Defendant showed on the Valles Closing client ledger.

30. Therefore, after the Valles Closing Defendant was required to hold \$179.96 in her Trust Account for Valles.

31. Defendant failed to reconcile her Trust Account and client ledgers and thus failed to discover that she had funds left over from the Valles Closing.

32. Defendant failed to disburse these excess funds to Valles.

33. After Defendant made the last disbursement for the Valles Closing on 23 July 2008 her Trust Account balance fell below \$179.96 because of disbursements Defendant made on behalf of clients who did not have funds in the Trust Account. Defendant's Trust Account balance fell below the amount she was required to hold for Valles six times between 23 July 2008 and May 2009.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C.G.S. § 84-28(b)(2) in that Defendant violated one

or more of the Rules of Professional Conduct in effect at the time of her actions as follows:

- a) By failing to reconcile the Valles Closing ledger with the balance of her Trust Account, Defendant failed to reconcile an individual client balance with the current bank statement balance for the trust account as a whole in violation of Rule 1.15-3(d);
- b) By failing to refund the excess funds she collected during the Valles Closing, Defendant failed to promptly pay to the client entrusted property belonging to the client and to which the client was currently entitled in violation of Rule 1.15-2(m); and
- c) By using funds that she was required to hold in trust for Valles to make disbursements for the benefit of other clients, Defendant used entrusted property for the benefit of one other than the legal or beneficial owner of that property in violation of Rule 1.15-2(j).

FOURTH CLAIM FOR RELIEF

34. Paragraphs 1 through 33 are re-alleged and incorporated herein.

35. In September 2008, Defendant conducted a refinance closing for M. Hunt ("Hunt Closing").

36. Defendant failed to pay the full amount of the recording fees for the Hunt Closing – the recording fees were \$50 and Defendant paid \$20.

37. Defendant failed to reconcile her Trust Account and client ledgers. Thus, Defendant failed to discover that she had funds left over from the Hunt Closing because she failed to pay the correct amount for recording fees.

38. Defendant was required to hold \$30 in her Trust Account for Hunt after the Hunt Closing.

39. After Defendant made the last disbursement for the Hunt Closing on 24 October 2008, Defendant was required to hold a combined amount of \$209.96 for the benefit of Hunt and Valles.

40. However, after the last disbursement for the Hunt Closing, Defendant's Trust Account balance fell below \$209.96 because of disbursements Defendant made on behalf of clients who did not have funds in the Trust Account. Defendant's Trust Account balance fell below this amount three times between 24 October 2008 and May 2009.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C.G.S. § 84-28(b)(2) in that Defendant violated one

or more of the Rules of Professional Conduct in effect at the time of her actions as follows:

- a) By failing to pay the proper amount of the recording fees for the Hunt Closing, Defendant failed to promptly pay to a third person as directed by the client entrusted property belonging to the client and to which the client was currently entitled in violation of Rule 1.15-2(m);
- b) By failing to reconcile the Hunt Closing ledger with the balance of her Trust Account, Defendant failed to reconcile an individual client balance with the current bank statement balance for the trust account as a whole in violation of Rule 1.15-3(d); and
- c) By using funds that she was required to hold in trust for Hunt to make disbursements for the benefit of other clients, Defendant used entrusted property for the benefit of one other than the legal or beneficial owner of that property in violation of Rule 1.15-2(j).

FIFTH CLAIM FOR RELIEF

41. Paragraphs 1 through 40 are re-alleged and incorporated herein.

42. On or about 24 September 2008, Defendant represented M. Beatty in a real estate closing ("Beatty Closing").

43. Defendant believed that the seller in the Beatty Closing agreed to pay all of the real estate taxes due at closing (both from the buyer and seller).

44. On or about 7 October 2008, Defendant disbursed \$81,007.40 to the seller. However, Defendant failed to deduct \$1,923.00 from the seller's proceeds for payment of the seller's pro rata share of real estate taxes and also failed to deduct any funds for the real estate taxes due from the buyer.

45. Defendant overdisbursed to the seller at the Beatty Closing.

46. When the seller was informed that it had been overpaid, it refused to return the overpayment and informed Defendant that it was not willing to pay the buyer's share of the real estate taxes.

47. In addition to overdisbursing to the seller and failing to collect funds for payment of real estate taxes, Defendant also failed to collect sufficient funds from the buyer or seller for other costs attendant to the closing.

48. In October 2008, Defendant deposited \$1,465 of her personal funds into the Trust Account in an effort to correct the shortage created by her accounting errors in the Beatty Closing.

49. Defendant's deposits were not enough to cure the shortfall created by her accounting errors and overdisbursement to the seller.

50. After making all other disbursements for the Beatty Closing, Defendant did not have enough money in her Trust Account to pay the title insurance premium and real estate taxes. Defendant did not pay the \$242 title insurance premium or the seller's pro rate share of the real estate taxes.

THEREFORE, Plaintiff alleges that Defendant's foregoing actions constitute grounds for discipline pursuant to N.C.G.S. § 84-28(b)(2) in that Defendant violated one or more of the Rules of Professional Conduct in effect at the time of her actions as follows:

- a) By failing to pay the property taxes and title insurance premium for the Beatty Closing, Defendant failed to promptly pay to third persons as directed by the client entrusted property belonging to the client to which the client was currently entitled in violation of Rule 1.15-2(m).

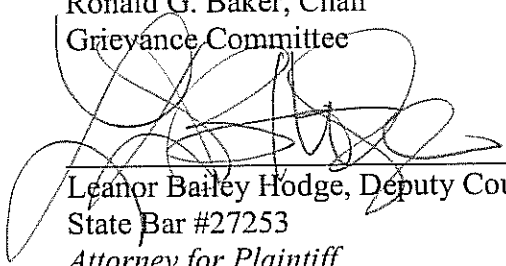
WHEREFORE, Plaintiff prays that

1. Disciplinary action be taken against Defendant in accordance with N.C.G.S. § 84-28 (c) and 27 N.C.A.C. 1B § .0114 as the evidence on hearing may warrant;
2. Defendant be taxed with the administrative fees and with actual costs permitted by law in connection with the proceeding; and
3. For such other and further relief as the Hearing Panel deems appropriate.

This the 11th day of July, 2011.



Ronald G. Baker, Chair
Grievance Committee



Leann Bailey Hodge, Deputy Counsel
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Attorney for Plaintiff
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